

MODEL ARBITRATION CLAUSES
FOR USE IN CONNECTION WITH THE PERMANENT COURT
OF ARBITRATION OPTIONAL RULES FOR ARBITRATING DISPUTES
BETWEEN TWO PARTIES OF WHICH ONLY ONE IS A STATE

Future Disputes

Where a State and a private entity are parties to a contract and wish to have any dispute referred to arbitration under these Rules, they may insert in the contract an arbitration clause in the following form:

1. *If any dispute arises between the parties as to the interpretation, application or performance of this contract, including its existence, validity or termination, either party may submit the dispute to final and binding arbitration in accordance with the Permanent Court of Arbitration Optional Rules for Arbitrating Disputes between Two Parties of Which Only One Is a State, as in effect on the date of this contract.*¹

Parties may wish to consider adding:

2. *The number of arbitrators shall be . . . [insert 'one' or 'three']*.²
3. *The language(s) to be used in the arbitral proceedings shall be . . . [insert choice of one or more languages]*.³
4. *The appointing authority shall be the Secretary-General of the Permanent Court of Arbitration.*
5. *The place of arbitration shall be . . . [insert city and country]*.
6. *This agreement to arbitrate constitutes a waiver of any right to sovereign immunity from execution to which a party might otherwise be entitled with respect to the enforcement of any award rendered by an arbitral tribunal constituted pursuant to this agreement.*⁴

Existing Disputes

If the parties have not already entered into an arbitration agreement, or if they mutually agree to change a previous agreement in order to provide for arbitration under these Rules, they may enter into an agreement in the following form:

The parties agree to submit the following dispute to final and binding arbitration in accordance with the Permanent Court of Arbitration Optional Rules for Arbitrating Disputes between Two Parties of Which Only One Is a State, as in effect on the date of this agreement: . . . [insert brief description of dispute].

Parties may wish to consider adding paragraphs 2-6 of the arbitration clause for future disputes as set forth above.

NOTES

1. Parties may agree to vary this model clause. If they consider doing so, they may consult with the Secretary-General of the Permanent Court of Arbitration to ensure that the clause to which they agree will be appropriate in the context of the Rules, and that the functions of the Secretary-General and the International Bureau can be carried out effectively.

2. If the parties do not agree on the number of arbitrators, the number shall be three, in accordance with article 5 of the Rules.

3. If the parties do not agree on the language, or languages, to be used in the arbitral proceedings, this shall be determined by the arbitral tribunal in accordance with article 17 of the Rules.

4. Waiver of sovereign immunity from jurisdiction is provided in article 1, paragraph 2 of the Rules.